

# When globalisation gets local: winners and losers



A complex flow of investment is spreading across the globe, connecting more and more places. These flows bundle together streams of capital, skills and knowledge, the key factors in determining the development and wealth of places. As a result, it is now impossible to understand economic opportunities, innovation and development without one central concept: **CONNECTIVITY**.

However, investment flows are highly selective and many parts of the world are left behind. Even within countries that receive huge amounts of foreign investment, the patterns of distribution are highly unequal. In rapidly growing economies, there are still many places that feel stagnant or even in decline.

National and regional governments try all sorts of ways to attract foreign investments – offering unique tax breaks, building roads and railway lines, making it easier to hire and fire, investing in education. But they have often been doing so without serious evidence on which to base their decisions.

That's where new research is needed, studying what makes multinational firms tick (or not) in regions and cities across the globe and exploring how prosperous, innovative, successful regions – hubs of this enormous global flows of investment – can co-exist with places that are completely left behind. Left-behind places are lending themselves increasingly to the forces of populism and political disintegration. Understanding how these places can actually benefit from connectivity is of paramount importance for our societies in Europe and beyond.

New LSE research in this area revolves around three key pillars:

- **Location:** How and where connectivity is built. Where are hubs of capital, innovation and ideas clustering, and why. What is it that gives one part of the world, one country, one city, the magnetism that their neighbours lack. How strategic assets – technology, ideas and the tacit knowledge unique to certain places – are highly localised, and are the key factors that investors look for.
- **Impact:** How investment flows are embedded or not in their host region. Is it really a given that more firms will make things better for the local economy? What types of companies will help and which will hinder? And what happens to the local economy when domestic firms invest abroad?
- **Policy:** How connectivity can be re-shaped by public policies. This section of the project offers hard evidence to policymakers on the questions where guesswork has driven decisions for too long – what works in practice to attract and embed foreign companies into the local economy? Where? Under what conditions? Are new investments attracted by means of public policies beneficial to the local economy or not?

New concepts, insights and empirical evidence around these key questions are being presented and debated in the [GILD \(Global Investments – Local Development\) blog](#) and a series of videos has been produced by the GILD [team](#) to support the communication of new findings and facilitate engagement of students, academics, policymakers and business. The first overview video on this exciting research agenda has been launched today and you can see it below. Other videos will be coming along the next few months in order to offer more insights on the three key pillars of location, impact and public policy.



Notes:

- This blog post is based on the ongoing research of the MASSIVE (Multinationals, Institutions and Innovation in Europe) project funded by the European Research Council and conducted by the [GILD team](#).
- The post gives the views of its author(s), not the position of LSE Business Review or the London School of Economics.
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